



# Employees' Retirement System of Rhode Island

Q3 2015 Portfolio Update

Eric Conklin – Portfolio Manager

Anthony Merhige – COO & General Counsel

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## FIRM INFORMATION

### Harvest Fund Advisors LLC

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Harvest was founded in 2005 and is located in Wayne, PA, the suburbs of Philadelphia. Since our launch, we have focused exclusively on managing energy infrastructure Master Limited Partnership (MLP) portfolios for our clients. We currently manage \$7.4B exclusively for institutional investors.





# ACCOUNT PERFORMANCE

## Employees' Retirement System of Rhode Island (net; long-only; no leverage)

Account Inception Date:	12/22/2014
Month End Reporting Date:	09/30/2015
Ending NAV:	\$103,316,928
Portfolio Yield:	7.7%

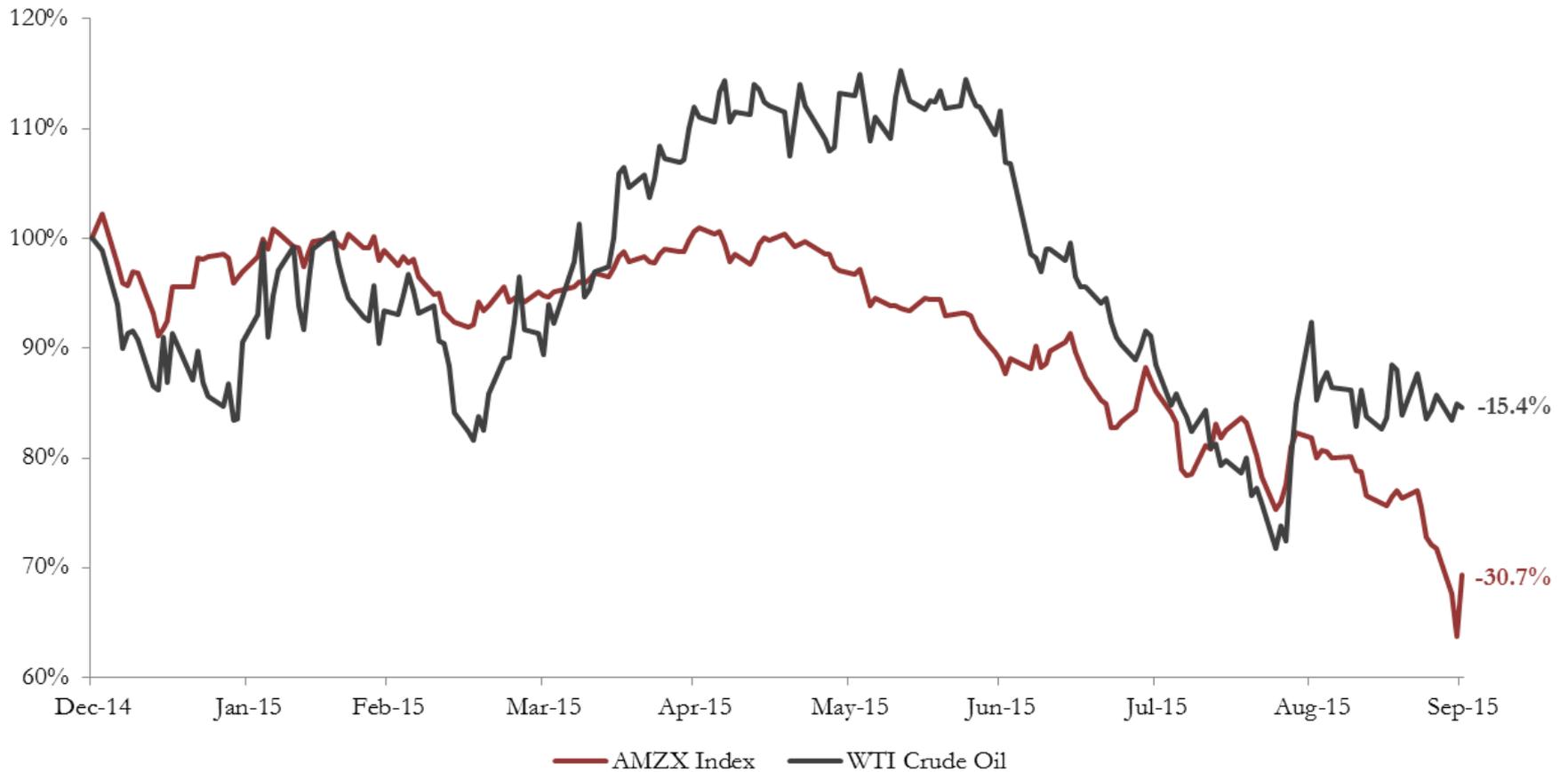
	<u>Harvest</u>	<u>Alerian MLP TR Index</u>
Q3 2015 Returns:	-23.83%	-22.10%
Year to Date Returns:	-27.72%	-30.67%
Inception to Date Cumulative Returns:	-26.56%	-29.76%

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	Harvest	Index
2014												1.59	1.59	1.33
2015	-3.47	3.12	-2.13	4.71	-1.80	-5.27	-4.16	-5.56	-15.85				-27.72	-30.67



## YTD Underperformance

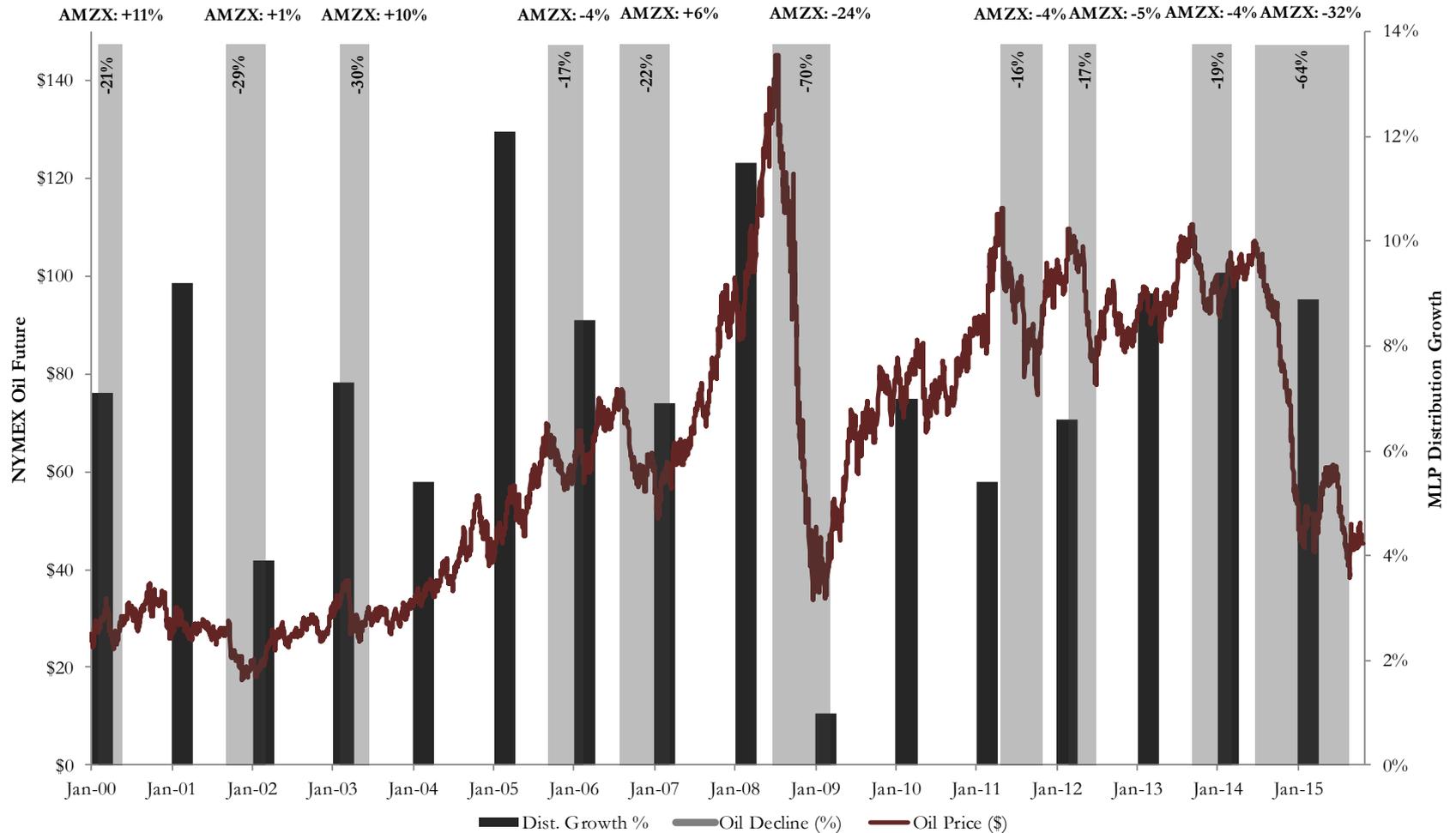
### MLP Underperformance YTD Creates Temporary Dislocation





# COMMODITY INSENSITIVE

## MLP Price Performance has Historically been a Fraction of the Decline in Oil Prices



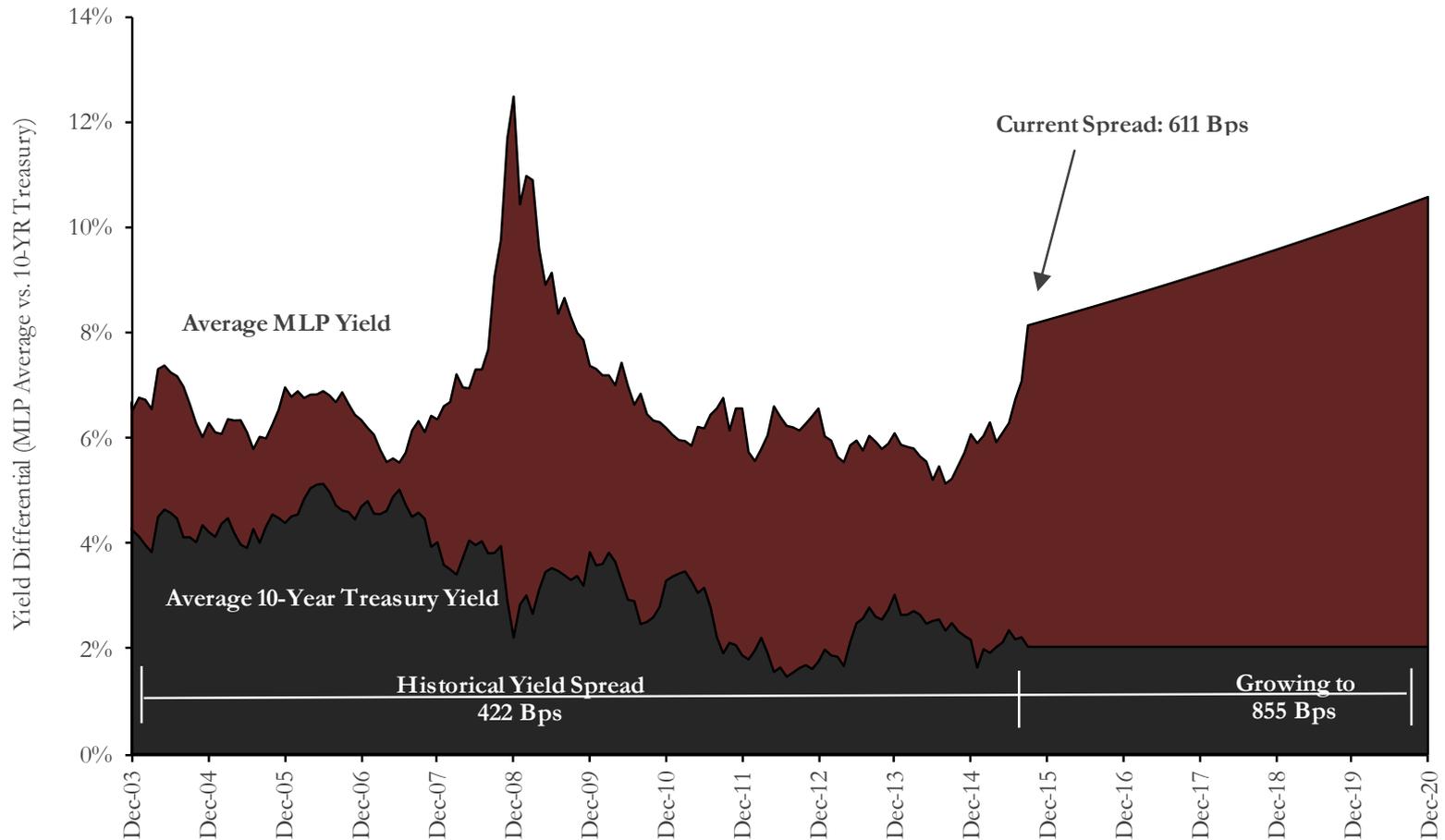
As of October 23, 2015

Sources: Bloomberg, Harvest Fund Advisors, Partnership Filings.



# YIELD SPREADS

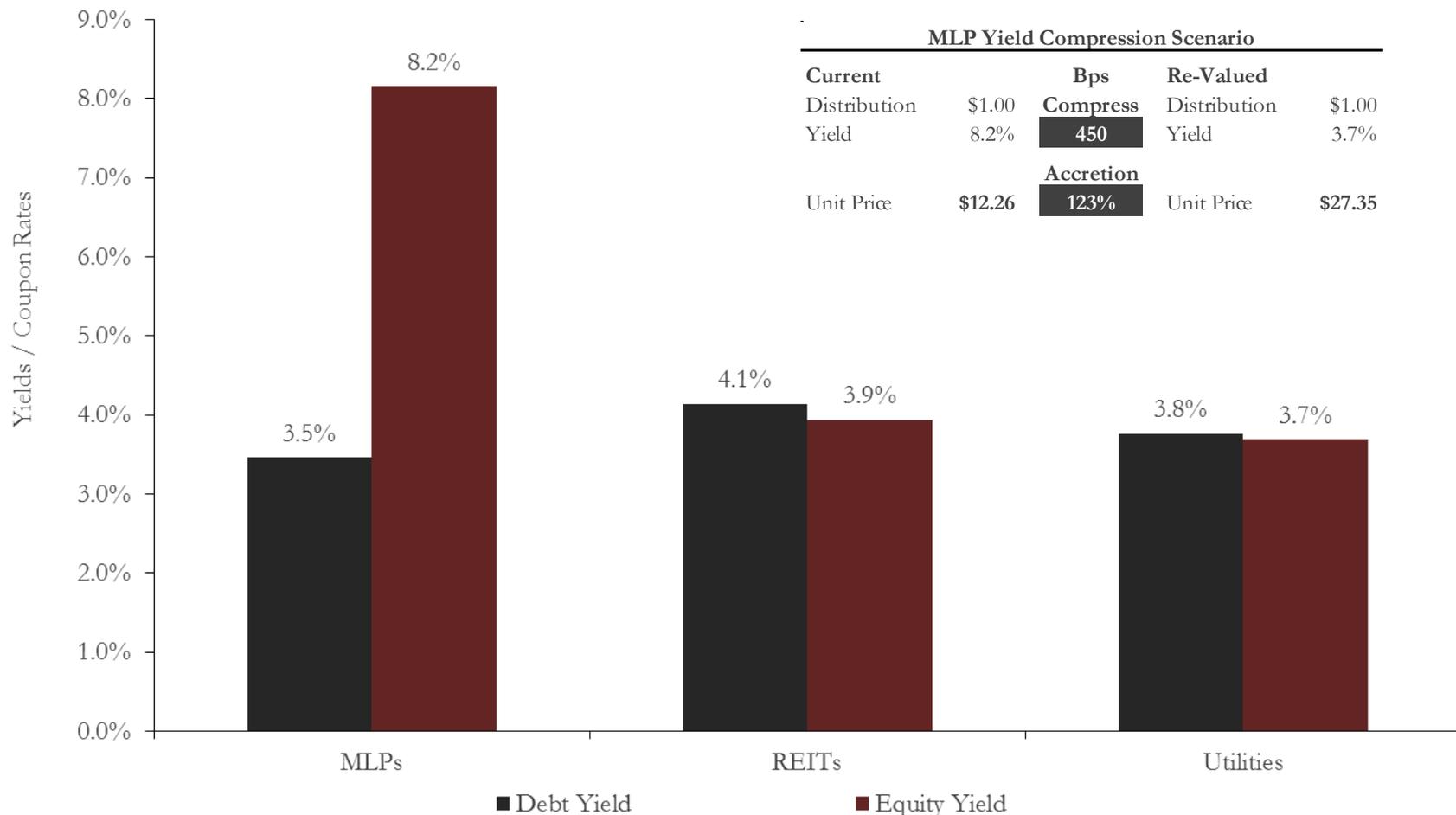
Yield spreads to the 10-Year do not adequately reflect the growth component of MLP total returns





# SECTOR REVALUATION

We believe MLP equity yields will be re-priced over time to match the quality of their cash flows



As of September 30, 2015; Notes: MLP debt yield based on selection of investment grade bonds to best approximate maturity nearest to, but not exceeding, ten years; REIT/Utility debt yields are based on Bloomberg sector 10-year yield curves. Equity yields are based on the market-capitalization-weighted investment-grade MLP universe, the NAREIT equity REIT constituents, and the Dow Jones Utilities average. Sources: Bloomberg, Harvest Fund Advisors.



## CONTACT INFORMATION

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## FOOTNOTES & DISCLOSURES

PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS. FUTURE RETURNS ARE NOT GUARANTEED, AND A LOSS OF PRINCIPAL MAY OCCUR.

Investment in any of the Harvest MLP Funds involves significant risks, including, but not limited to, the risk that the MLP sector performs unfavorably. For a more detailed explanation of risks, please refer to the Confidential Private Placement Memorandum, the IMA, or Harvest's Form ADV.

The Funds have a total return objective and do not have a relevant comparative index. The inclusion of indexes in this presentation is not for comparative purposes, but rather is intended to show the performance of other investments during the relevant periods.

Unless otherwise noted, all returns are shown net of fees and expenses, and reflect reinvestment of distributions and dividends. Current quarter returns are subject to revision.

AN INVESTMENT IN HARVEST COULD SUFFER LOSS.